

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN**

In the Matter of:

ARK LABORATORY, LLC,

Debtor.

Case No. 23-43403-mlo

Chapter 11

Hon, Maria L. Oxholm

**FILING OF BUDGET FOR FINAL ORDER
AUTHORIZING USE OF CASH COLLATERAL
AND GRANTING ADEQUATE PROTECTION**

Debtor states,

1. Attached is the budget that Debtor and Auxo have agreed to for purposes of the FINAL ORDER AUTHORIZING USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION.

Respectfully submitted,

/s/ Robert Bassel

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Counsel for Debtor

Helix Diagnostics
6-Week Cash Flow Budget (6/5/23 to 7/14/23)
Revised: 6/8/23

| Description | 1 | 2 | 3 | 4 | 5 | 6 | Cumulative Cash Flow Proj. | |
|---|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------------------|--------|
| | 9-Jun-23 Proj. | 16-Jun-23 Proj. | 23-Jun-23 Proj. | 30-Jun-23 Proj. | 7-Jul-23 Proj. | 14-Jul-23 Proj. | | |
| | | | | | | | | |
| REVENUES | | | | | | | | |
| Gross Revenues | | | | | | | | |
| Non Covid PCR | \$ 203,395 | \$ 203,395 | \$ 203,395 | \$ 206,937 | \$ 228,188 | \$ 228,188 | \$ 1,273,497 | 38.6% |
| Covid | 9,333 | 9,333 | 9,333 | 9,333 | 9,032 | 9,032 | 55,398 | 1.7% |
| Toxicology | 225,827 | 225,827 | 225,827 | 225,827 | 281,379 | 281,379 | 1,466,064 | 44.4% |
| Blood | 77,590 | 77,590 | 77,590 | 77,590 | 65,821 | 65,821 | 442,001 | 13.4% |
| Other | 12,259 | 12,259 | 12,259 | 12,259 | 8,462 | 8,462 | 65,960 | 2.0% |
| Gross Revenues | \$ 528,404 | \$ 528,404 | \$ 528,404 | \$ 531,945 | \$ 592,882 | \$ 592,882 | \$ 3,302,920 | 100.0% |
| Reimbursement Rate Adjustments | (158,521) | (158,521) | (158,521) | (159,584) | (177,865) | (177,865) | (990,876) | -30.0% |
| Net Revenues | \$ 369,883 | \$ 369,883 | \$ 369,883 | \$ 372,362 | \$ 415,017 | \$ 415,017 | \$ 2,312,044 | 70.0% |
| Receipts | | | | | | | | |
| Legacy Claim Receipts | 8,160 | 8,160 | 8,160 | 8,160 | 8,160 | 8,160 | 48,957 | 1.5% |
| Current Claim Receipts | 371,701 | 387,191 | 382,654 | 375,319 | 363,193 | 351,067 | 2,231,125 | 67.6% |
| Cash Receipts | \$ 379,860 | \$ 395,350 | \$ 390,813 | \$ 383,479 | \$ 371,353 | \$ 359,227 | \$ 2,280,082 | 69.0% |
| Payroll Disbursements | | | | | | | | |
| Hourly Wages | 137,679 | - | 137,679 | - | 137,679 | - | \$ 413,036 | 12.5% |
| Salary Wages | - | 99,490 | - | 99,490 | - | 99,490 | 298,471 | 9.0% |
| Employer Taxes - Post-petition | 10,532 | 6,516 | 10,532 | 6,516 | 10,532 | 6,516 | 51,147 | 1.5% |
| Car Allowance | - | 3,500 | 2,000 | - | - | 3,500 | 9,000 | 0.3% |
| Employee of the Month Bonus- Grossed up | | | | | 733 | 733 | 1,466 | 0.0% |
| Payroll Disbursements | \$ 148,211 | \$ 109,507 | \$ 150,211 | \$ 106,007 | \$ 148,944 | \$ 110,240 | \$ 773,120 | 23.4% |
| Non-Payroll Disbursements | | | | | | | | |
| Credit Card Fees | 290 | 302 | 299 | 293 | 284 | 275 | 1,742 | 0.1% |
| Bank Charges | - | - | - | - | 2,888 | - | 2,888 | 0.1% |
| Courier Fee | 19,077 | 19,077 | 19,077 | 19,077 | 20,112 | 20,112 | 116,532 | 3.5% |
| Marketing Fees (1099) | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 | 225,000 | 6.8% |
| Fuel/Mileage | 2,127 | 2,127 | 2,127 | 2,127 | 2,127 | 2,127 | 12,762 | 0.4% |
| Dues & Subscriptions | - | - | 418 | - | - | - | 418 | 0.0% |
| Workers Comp | - | - | - | 12,143 | - | - | 12,143 | 0.4% |
| Insurance - Liability | - | - | - | 7,160 | - | - | 7,160 | 0.2% |
| Insurance - Employee Portion | (4,708) | (2,273) | (4,708) | (2,273) | (4,708) | (2,273) | (20,944) | -0.6% |
| Insurance - Health | 94 | - | 94 | 43,911 | 94 | - | 44,193 | 1.3% |
| Insurance - Life/AD&D/Dental/Vision | - | - | - | - | 7,461 | - | 7,461 | 0.2% |
| Insurance - Life | - | - | - | - | 811 | - | 811 | 0.0% |
| Lab Fees - McLaren** | 13,035 | 13,035 | 13,035 | 13,035 | 13,035 | 13,035 | 78,210 | 2.4% |
| Debtor & Committee Legal | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 150,000 | 4.5% |
| IT Consulting | - | - | - | - | 4,250 | - | 4,250 | 0.1% |
| Compliance | - | - | - | 708 | 1,500 | - | 2,208 | 0.1% |
| Outside Consulting | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 60,000 | 1.8% |
| Licenses & Fees - Infrastructure | 169 | 1,060 | 940 | 78 | 353 | 339 | 2,939 | 0.1% |
| Licenses & Fees - Business Operations | 962 | 2,300 | 418 | 2,685 | 655 | 2,607 | 9,627 | 0.3% |
| Licenses & Fees - Lab Operations | 8,265 | - | 4,400 | 1,900 | 29,620 | - | 44,185 | 1.3% |
| Employee Meals | 92 | 92 | 92 | 92 | 92 | 92 | 554 | 0.0% |
| Medical Billing | 21,463 | 22,315 | 22,066 | 21,662 | 20,996 | 20,329 | 128,832 | 3.9% |
| Office Expenses | 100 | 550 | 1,043 | 750 | 100 | 500 | 3,043 | 0.1% |
| Medical Directorship | - | - | - | 3,000 | - | - | 3,000 | 0.1% |

Helix Diagnostics
6-Week Cash Flow Budget (6/5/23 to 7/14/23)
Revised: 6/8/23

| Description | 1 | 2 | 3 | 4 | 5 | 6 | Cumulative Cash Flow | |
|----------------------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|----------------------|--------------|
| | 9-Jun-23 Proj. | 16-Jun-23 Proj. | 23-Jun-23 Proj. | 30-Jun-23 Proj. | 7-Jul-23 Proj. | 14-Jul-23 Proj. | | |
| Rent or Lease | - | 355 | - | - | 47,871 | 11,113 | 59,339 | 1.8% |
| Equipment Lease | 1,861 | 488 | 2,711 | 1,043 | 1,445 | 1,206 | 8,754 | 0.3% |
| Repair & Maintenance | 3,639 | 39,630 | 1,831 | 1,451 | 18,368 | 5,887 | 70,806 | 2.1% |
| Payroll Fees | - | - | 3,300 | - | - | - | 3,300 | 0.1% |
| Shipping and Delivery Expense | 1,528 | 1,528 | 1,528 | 1,528 | 1,610 | 1,610 | 9,332 | 0.3% |
| Supplies | 65,471 | 58,889 | 56,812 | 53,506 | 51,229 | 69,000 | 354,908 | 10.7% |
| Telephone | 1,250 | 377 | - | - | - | 1,627 | 3,253 | 0.1% |
| Travel | 1,062 | 1,062 | 1,062 | 1,062 | 1,062 | 1,062 | 6,369 | 0.2% |
| Utilities | - | 6,600 | 25 | - | - | 1,899 | 8,524 | 0.3% |
| Uniforms | 300 | - | 300 | - | 300 | - | 900 | 0.0% |
| Waste Management | - | - | - | - | 2,618 | - | 2,618 | 0.1% |
| US Trustee Fees | - | - | 22,800 | - | - | 6,400 | 29,200 | 0.9% |
| Expense Reports | - | - | - | - | - | - | - | 0.0% |
| Non-Payroll Disbursements | \$ 208,577 | \$ 240,014 | \$ 222,169 | \$ 257,438 | \$ 296,671 | \$ 229,445 | \$ 1,454,314 | 44.0% |

| | | | | | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------|
| Disbursement Summary | | | | | | | | |
| Payroll | \$ 148,211 | \$ 109,507 | \$ 150,211 | \$ 106,007 | \$ 148,944 | \$ 110,240 | \$ 773,120 | 23.4% |
| Non-Payroll | 208,577 | 240,014 | 222,169 | 257,438 | 296,671 | 229,445 | 1,454,314 | 44.0% |
| Other Cash Expenditures | - | - | - | - | - | - | - | 0.0% |
| Total Disbursements | \$ 356,788 | \$ 349,521 | \$ 372,380 | \$ 363,445 | \$ 445,615 | \$ 339,685 | \$ 2,227,434 | 67.4% |

| | | | | | | | | |
|-------------------------------|------------------|------------------|------------------|-------------------|--------------------|------------------|--|--|
| Net Cash Flow (Weekly) | \$ 23,072 | \$ 45,830 | \$ 18,433 | \$ 20,034 | \$ (74,263) | \$ 19,542 | | |
| Cumulative Cash Flow | \$ 23,072 | \$ 68,902 | \$ 87,335 | \$ 107,369 | \$ 33,106 | \$ 52,648 | | |

Note Debtor agrees not to exceed \$7500 in current usage of Lab Fees at McLaren, the balance being applied to post petition accrued but unpaid lab fees. If debtor exceeds \$7500 weekly usage, it will be paid the following week. Any additional amount for lab fees will be paid in addition to the weekly budgeted amount of \$13,035.**

| | | | | | | |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Operating Cash | | | | | | |
| Beginning Balance | 100,000 | 123,072 | 168,902 | 187,335 | 207,369 | 133,106 |
| + Cash Inflows | 379,860 | 395,350 | 390,813 | 383,479 | 371,353 | 359,227 |
| - Cash Outflows | (356,788) | (349,521) | (372,380) | (363,445) | (445,615) | (339,685) |
| +/- Adjustments | | | | | | |
| Ending Balance | 123,072 | 168,902 | 187,335 | 207,369 | 133,106 | 152,648 |
| Increase/Decrease | 23,072 | 45,830 | 18,433 | 20,034 | (74,263) | 19,542 |

| | | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| A/R Rollforward | | | | | | |
| Beginning A/R | 7,403,901 | 7,393,924 | 7,368,456 | 7,347,525 | 7,336,408 | 7,380,073 |
| +Sales | 369,883 | 369,883 | 369,883 | 372,362 | 415,017 | 415,017 |
| -Collections | (379,860) | (395,350) | (390,813) | (383,479) | (371,353) | (359,227) |
| +/- Adjustments | | | | | | |
| Ending A/R | 7,393,924 | 7,368,456 | 7,347,525 | 7,336,408 | 7,380,073 | 7,435,863 |
| Increase/Decrease | (9,978) | (25,468) | (20,931) | (11,117) | 43,665 | 55,791 |

Helix Diagnostics
6-Week Cash Flow Budget (6/5/23 to 7/14/23)
Revised: 6/8/23

| Description | 1 | 2 | 3 | 4 | 5 | 6 | Cumulative Cash Flow Proj. |
|-------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------------------|
| | 9-Jun-23 Proj. | 16-Jun-23 Proj. | 23-Jun-23 Proj. | 30-Jun-23 Proj. | 7-Jul-23 Proj. | 14-Jul-23 Proj. | |

Supplies

| | | | | | | | |
|--------------------------|----------|----------|----------|----------|----------|----------|---|
| Beginning Supplies | 596,096 | 604,789 | 606,900 | 606,934 | 603,281 | 590,803 | |
| +Purchases (operational) | 65,471 | 58,889 | 56,812 | 53,506 | 51,229 | 69,000 | |
| -(Sales * Materials %) | (56,778) | (56,778) | (56,778) | (57,159) | (63,707) | (63,707) | |
| +/- Adjustments | | | | | | | |
| Ending Supplies | 604,789 | 606,900 | 606,934 | 603,281 | 590,803 | 596,096 | |
| <i>Increase/Decrease</i> | | | | | | | - |

A/P Rollforward

| | | | | | | | |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Beginning A/P | 7,732,079 | 7,732,079 | 7,732,079 | 7,732,079 | 7,732,079 | 7,732,079 | |
| +Purchases (operational) | 65,471 | 58,889 | 56,812 | 53,506 | 51,229 | 69,000 | |
| -Payments (operational) | (65,471) | (58,889) | (56,812) | (53,506) | (51,229) | (69,000) | |
| -Payments (incremental) | - | - | - | - | - | - | |
| +/- Adjustments | | | | | | | |
| Ending A/P | 7,732,079 | 7,732,079 | 7,732,079 | 7,732,079 | 7,732,079 | 7,732,079 | |
| <i>Increase/Decrease</i> | | | | | | | |

Revolver Balance

| | | | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Beginning Revolver Balance | 6,379,000 | 6,379,000 | 6,379,000 | 6,379,000 | 6,379,000 | 6,379,000 | |
| +/- Adjustments | - | - | - | - | - | - | |
| Ending Revolver Balance | 6,379,000 | 6,379,000 | 6,379,000 | 6,379,000 | 6,379,000 | 6,379,000 | |
| <i>Increase/Decrease</i> | - | - | - | - | - | - | |

NOTES:

| EBITDA/Cash Flow Reconciliation | | | | | | | |
|--|---------------|---------------|----------------|--------------|-----------------|---------------|--|
| Net Revenues | 369,883 | 369,883 | 369,883 | 372,362 | 415,017 | 415,017 | |
| Payroll Disbursements | (148,211) | (109,507) | (150,211) | (106,007) | (148,944) | (110,240) | |
| Non-Payroll Disbursements | (208,577) | (240,014) | (222,169) | (257,438) | (296,671) | (229,445) | |
| Other Cash Expenditures | - | - | - | - | - | - | |
| Cash Flow Operating income before Addbacks | 13,094 | 20,362 | (2,498) | 8,917 | (30,598) | 75,333 | |
| Add Backs: | | | | | | | |
| Capital Expenditures | - | - | - | - | - | - | |
| Interest Expense - Line of Credit (Comerica Bank) | - | - | - | - | - | - | |
| Interest Expense - Business Loan (Peninsula Capital) | - | - | - | - | - | - | |
| Interest Expense - Equipment Loan | - | - | - | - | - | - | |
| Principal Payments - Line of Credit (Comerica Bank) | - | - | - | - | - | - | |
| Principal Payments - Business Loan (Peninsula Capital) | - | - | - | - | - | - | |
| Principal Payments - Equipment Loan | - | - | - | - | - | - | |
| Consulting Fees | - | - | - | - | - | - | |
| Clear Check Float | - | - | - | - | - | - | |
| Forbearance Fees and Expenses | - | - | - | - | - | - | |
| Credit Card Expense | - | - | - | - | - | - | |
| Capital Infusion | - | - | - | - | - | - | |
| Payment on Capital Infusion | | | | | | | |

Helix Diagnostics
6-Week Cash Flow Budget (6/5/23 to 7/14/23)
Revised: 6/8/23

| Description | 1 | 2 | 3 | 4 | 5 | 6 | Cumulative Cash Flow Proj. |
|--|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------------------|
| | 9-Jun-23 Proj. | 16-Jun-23 Proj. | 23-Jun-23 Proj. | 30-Jun-23 Proj. | 7-Jul-23 Proj. | 14-Jul-23 Proj. | |
| Payment for Emergency Capital Influx from Senior Employees | - | - | - | - | - | - | |
| A/P Payment Plan | - | - | - | - | - | - | |
| Incremental Fee Related to Legacy Collections | 1,562 | 1,563 | 1,564 | 1,565 | 1,566 | 1,567 | |
| Model Implied Recurring EBITDA | 14,657 | 21,925 | (933) | 10,482 | (29,032) | 76,900 | |
| Adjustments to Reconcile to Cash Flow: | | | | | | | |
| <u>Deduct:</u> | | | | | | | |
| Capital Expenditures | - | - | - | - | - | - | |
| Interest Expense - Line of Credit (Comerica Bank) | - | - | - | - | - | - | |
| Interest Expense - Business Loan (Peninsula Capital) | - | - | - | - | - | - | |
| Interest Expense - Equipment Loan | - | - | - | - | - | - | |
| Principal Payments - Line of Credit (Comerica Bank) | - | - | - | - | - | - | |
| Principal Payments - Business Loan (Peninsula Capital) | - | - | - | - | - | - | |
| Principal Payments - Equipment Loan | - | - | - | - | - | - | |
| Consulting Fees | - | - | - | - | - | - | |
| Clear Check Float | - | - | - | - | - | - | |
| Forbearance Fees and Expenses | - | - | - | - | - | - | |
| Credit Card Expense | - | - | - | - | - | - | |
| Capital Infusion | - | - | - | - | - | - | |
| Payment on Capital Infusion | - | - | - | - | - | - | |
| Payment for Emergency Capital Influx from Senior Employees | - | - | - | - | - | - | |
| A/P Payment Plan | - | - | - | - | - | - | |
| Incremental Fee Related to Legacy Collections | (1,562) | (1,563) | (1,564) | (1,565) | (1,566) | (1,567) | |
| Net Revenues | (369,883) | (369,883) | (369,883) | (372,362) | (415,017) | (415,017) | |
| <u>Add:</u> | | | | | | | |
| Receipts | 379,860 | 395,350 | 390,813 | 383,479 | 371,353 | 359,227 | |
| | 23,072 | 45,830 | 18,433 | 20,034 | (74,263) | 19,542 | |
| Cash Flow | 23,072 | 45,830 | 18,433 | 20,034 | (74,263) | 19,542 | |
| Difference | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |